

PUBLIC HEARING

AUGUST 13, 2014

A public hearing of the Council of the County of Kaua'i was called to order by Mason K. Chock, Sr., Chair, Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, on Wednesday, August 13, 2014, at 2:10 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Mason K. Chock, Sr.
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro (*present at 2:14 p.m.*)

Excused: Honorable Tim Bynum

The Clerk read the notice of the public hearing on the following:

"Bill No. 2549 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Residential Investor Tax Classification Proposal*),"

which was passed on first reading and ordered to print by the Council of the County of Kaua'i on July 9, 2014, and published in The Garden Island newspaper on July 16, 2014.

The following communications were received for the record:

1. Albrecht, Richard L., dated August 11, 2014
2. Umetsu, Calvin, dated July 18, 2014

The hearing proceeded as follows:

EDUARDO TOPENIO, JR., Administrative Assistant to the County Clerk: Committee Chair, we received two (2) written testimony. We also have one (1) registered speaker. His name is Gary Pierce.

Mr. Chock:

Okay. Mr. Pierce, may you come up?

GARY PIERCE: For the record, my name is Gary Pierce. On this Bill, I want to address item "c." Again, this is an unforeseen ramification. I do not know what this Bill has entailed, but how I read it is that if you have a property that has been Condominium Property Regime (CPR'd), this will be taxed at the highest tax category, if that land is vacant without a homestead. Paragraph "c": "Homestead shall mean properties which are used exclusively as the owner's principal residence." What I am feeling is that when you have all of these separate

categories, it is very subjective to the tax man coming out and doing his investigation. If I have a little room that has a rice cooker in it, and they go, "Oh, this is a rental. You no longer classify for a homestead. Your rate doubles." It is as easy as that. It is very subjective. When you have very subjective terms, it opens the County for more litigation, more bureaucracy, and more red tape. You are creating more for yourself and our government needs to shrink. You have got the latest bond from Fitch. You were down rated from "AA" to "AA-." It is your pension plans and you need to go from a defined benefit plan to a purchase money mortgage. Everybody that has defined benefit plans; every County and State is going to go bankrupt. This County is going to go bankrupt in a few years. Stated by Fitch, "You are spending more than we are taking in and this is why we need to increase our taxes." Not only do we have to increase the rate, but the *ad valorem*. So unless you shrink government, we are going to have a continuing problem. You can get around this stuff. People are going to do separate things. They are going to survive one way or the other. How are they going to survive? They are going to rent. They say, "Oh, it is only for you." You say, "I have a little room and I am going to rent it out." With these types of things, you are decreasing the actual value of the properties because when you increase tax, you decrease the value of the properties. You are going to decrease the affordable rentals in the area because you are going to say, "Am I going to rent a little room out of my house for maybe five hundred dollars (\$500) a month, but my taxes go up six thousand dollars (\$6,000). It is not set. I am going to say, "I do not want this. I am just going to keep it vacant." There are all sorts of little things that will happen because of these. I cannot even point to them all again.

(Chair Furfaro is noted as present.)

Mr. Topenio: Three (3) minutes.

Mr. Pierce: Thank you. Mr. Pierce.

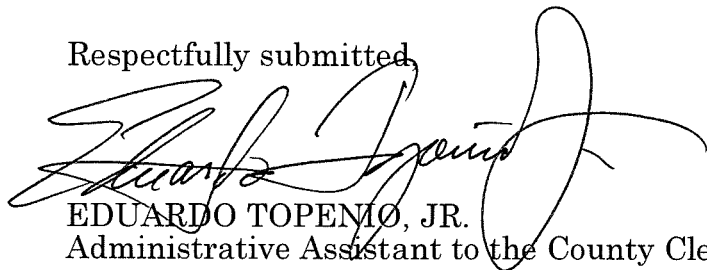
Mr. Chock: Does anyone else want to testify? Are there any other registered speakers?

Mr. Topenio: There are no registered speakers.

Mr. Chock: Okay. Thank you.

There being no further testimony on this matter, the public hearing adjourned at 2:14 p.m.

Respectfully submitted,



EDUARDO TOPENIO, JR.
Administrative Assistant to the County Clerk